

# Flexible Choices Program

## FSA MEDICAL ANNUAL ELECTION REDUCED TO \$2,500

### Special Note to City of Milwaukee Employees and Spouses about INCREASING YOUR TAKE-HOME PAY

The *Flexible Choices Program* for out-of-pocket medical, dependent care and the parking benefit expenses will continue during 2013 with *eflexgroup* as the administrator. The *Flexible Choices Program* allows you to **increase your take-home pay**.

There are three separate parts to the City of Milwaukee's *Flexible Choices Program*. If you want to participate in any of the 3 parts, **you must enroll each plan year**. These plans do not automatically renew. For those employees who are not currently enrolled, we would urge you to read through the material, call *eflexgroup* if you have any questions or visit them at one of the open enrollment fairs.

If you choose to participate in the program, it does not change your health benefits. It only affects the way that you pay your out-of-pocket medical, your childcare/dependent care, and the work-related parking expenses. Your contribution is taken out of each paycheck before taxes and placed into a tax-free account until you have a qualified expense. Because you would incur these expenses anyway, this is a way you can **lower your income taxes** at **NO** additional cost. Your tax-free payroll deductions for these expenses can save you 27% to 43% in income tax savings depending on your income and tax situation.

#### 1. **Out-of-Pocket Medical Expenses: Annual maximum of \$2,500**

Your contribution to this account should be based upon your expected out-of-pocket medical costs. For example, the following types of expenses would qualify:

- expenses not paid by your medical plan for prescription; Over the counter medications will be covered if a prescription is obtained through your medical provider;
- cost of glasses or contact lenses;
- annual plan deductibles & co-pays for persons in the City's Health Plans;
- Dental co-insurance or co-pays not covered by insurance to name a few.

#### 2. **Childcare/Dependent Care Expenses: Annual maximum of \$5,000 (depends on filing status)**

In order to decide you must balance the tax savings from this benefit versus the tax credit on your personal income tax return. Your contribution to this account should be based upon your expected childcare expenses for your dependent(s) that is **12 or younger**. Your contribution is capped at \$5,000 per year for one or more children or \$2,500 if filing separately.

#### 3. **Parking Benefit Plan Expenses: Annual maximum of \$2,000**

Any work-related parking expenses an employee incur near his/her workplace or near the location from which an employee commutes to work by mass transit or vanpool.

New employees can enroll 30 days after their City Start Date. **Enrollment can be done through the Self-Service program**. As with all things, there are some stipulations for you to consider before making your election decision. Here are the plan's limitations:

- ✓ **The amount you elect to deduct cannot be changed or revoked at will.** Election changes are permitted if you experience a qualified change in status. Detailed explanations of the qualified changes are given in the IRS regulations available through *eflexgroup* Online Internet site.
- ✓ **Overestimated out-of-pocket medical expenses cannot be refunded at the end of the plan year** or rolled over to the next plan year. It pays to be confident about the amount of out-of-pocket medical expenses you expect to incur.

Don't let the fear of losing money prevent you from taking advantage of the much more powerful benefits of participating in this plan. Because the City of Milwaukee has elected the grace period, **the plan year for expenses incurred is 01/01/2013 until 03/15/2014.** The percentage of income saved on taxes usually greatly exceeds the minimal year-end account balances, if there are any at all. Take time now to decide how you can reduce your taxable income while saving tax-free for expenses you are going to incur for the new plan year.

For information on **IRS Regulation Changes** for the Plan Year Beginning in 2013, please check the *eflexgroup* web site at [www.eflexgroup.com](http://www.eflexgroup.com). The site also has copies of IRS Publication 502 for Medical Expenses and IRS Publication 503 for Child and Dependent Care Accounts. *Eflexgroup* claim forms can be printed from the same web site.

### **Highlights of the City of Milwaukee Flexible Choices Program**

- ◆ **Daily Claims Reimbursement:** Checks are prepared and mailed to participants' homes, or direct deposit, or participants also have the option of a debit card to use for payment of their expenses.  
  
**Debit Card Usage** – The Debit Card allows you to use the money you have in your account without having to wait for reimbursement. **PLEASE SAVE YOUR DETAILED RECEIPTS!! DOCUMENTATION IS REQUIRED to verify your debit card usage.**
- ◆ **Internet submission of claims:** Conveniently submit your claims online at [www.eflexgroup.com](http://www.eflexgroup.com).
- ◆ **24 hours a day, 7-days-a-week access** to information about account status claims received and reimbursement check issues. By simply logging into [www.eflexgroup.com](http://www.eflexgroup.com) or by using touch-tone phone participants can access up-to-date information regarding their accounts.
- ◆ If you are already enrolled, remember **you must re-enroll each year for Flexible Choices.**
- ◆ For more information about the City of Milwaukee's Flexible Choices Program, call *eflexgroup* at **1-877-933-3539 (7:00 am – 7:00 pm CST)** or contact **City of Milwaukee at 414-286-3184.**

See the Health Insurance Benefit Summary Tables of the 2013 Open Enrollment Booklet for changes to deductibles and co-pays. If you haven't participated in Flexible Choices in the past, you may want to consider the implications of these changes on your out-of-pocket medical expenses for 2013.